

ORIGINAL

Before the  
Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 ) CC Docket No. 95-72  
End User Common Line Charges )

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**REPLY COMMENTS OF BELL ATLANTIC<sup>1</sup>**

I. ***Introduction and Summary***

The more than thirty parties filing comments in this proceeding unanimously agree that the Commission's existing rule is inconsistent with the current state of technology and the public interest. All agree that imposing a separate subscriber line charge ("SLC") for each derived channel of an integrated services digital network ("ISDN") service will artificially suppress demand and discourage investment in advanced technologies.

Nearly all parties urge the Commission to adopt a rule that imposes one SLC for each service, facility, or customer interface, or a cost-based approach that bases the number of SLCs in some manner on the relative interstate loop costs of ISDN compared with existing dialtone services. Only two parties, AT&T and Sprint, deviate from this near unanimity.<sup>2</sup> They propose mechanisms under which certain ISDN customers (in AT&T's comments), and all residence and single-line business

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<sup>1</sup> The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

<sup>2</sup> See Comments of AT&T Corp. ("AT&T"), Comments of Sprint Corporation ("Sprint").

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customers, will subsidize the carrier common line ("CCL") charges paid by interexchange carriers. As shown below, their proposals bear no relationship to the cost of providing ISDN and would not serve the public interest.

Bell Atlantic agrees with AT&T, Sprint, and a number of other parties, however, that the existing rules which recover interstate non-traffic sensitive ("NTS") common line costs through a combination of SLCs and CCL charges are inconsistent with a competitive marketplace and should be revised. Those revisions should take place through a comprehensive policy proceeding, not on a piecemeal basis in dealing with a specific aberration in the Commission's Rules, and should not, therefore, cause the Commission to postpone a decision here.

II. ***There Is No Cost or Other Justification For Imposing 23 SLCs on PRI.***

AT&T, while paying lip service to the public's need for new technologies and services, such as ISDN,<sup>3</sup> nonetheless proposes a mechanism that will have the opposite effect, at least for customers of primary rate interface ("PRI") ISDN service. AT&T's proposal, to charge one SLC for each PRI derived channel,<sup>4</sup> rests on false assumptions. First, AT&T assumes that PRI customers are "currently buying these services on a per-derived channel basis" and, therefore, already expect to pay one SLC for each channel.<sup>5</sup> However, virtually all local exchange carriers ("LECs") are charging one or, in some cases, two SLCs for PRI, so that AT&T's proposal would cause a substantial increase in

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<sup>3</sup> AT&T at 1.

<sup>4</sup> *Id.* at 8.

<sup>5</sup> *Id.* at 9.

their PRI charges.<sup>6</sup> Customers are aware of the existing price of PRI service (with SLC charges) and any substantial increase will suppress demand. Second, AT&T ignores evidence that charging one SLC for each derived channel would result in a decrease in potential PRI demand of as much as 35-40% and would cause a significant number of existing PRI customers to cancel their service.<sup>7</sup> Third, AT&T ignores the fact that a per-derived channel SLC charge bears no relationship whatever to cost, and AT&T makes no effort to cost-justify its proposal. As a number of the parties have shown, the interstate NTS loop costs of PRI, which is currently delivered through two copper pairs, are far lower than twenty-three times the cost of a dialtone loop.<sup>8</sup> AT&T's proposal would grossly over-recover interstate NTS costs from PRI customers, and, thereby subsidize AT&T's CCL charges.

AT&T also proposes to increase the SLC cap for residential and single-line business customers (but, presumably, not multi-line business customers) by \$0.25.<sup>9</sup> This increase is intended to cover additional Basic Rate Interface ("BRI") ISDN costs that are not recovered by a single SLC. However, BRI is delivered over a standard dialtone loop, and all parties to this proceeding that address the issue agree that the cost of providing BRI approximates that of delivering a dialtone line.<sup>10</sup>

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<sup>6</sup> *See* BellSouth Telecommunications, Inc. Comments at 6 & n.7 (citing emergency waiver petitions filed by Pacific Bell, GTE, Cincinnati Bell, US WEST, BellSouth, and Bell Atlantic).

<sup>7</sup> *See* Bell Atlantic Emergency Petition for Waiver, Declaration of Brian Cowman at ¶ 6 (filed Feb. 10, 1995).

<sup>8</sup> *See, e.g.*, US WEST Communications, Inc., Comments at 4 & App. A; Comments of the Industry Technology Industry Council at 6; Comments of Sprint Corporation at 3; NYNEX at 10-11.

<sup>9</sup> AT&T at 10-11.

<sup>10</sup> *See, e.g.*, MCI Telecommunications Corp. Comments at 3 ("MCI is not aware of any persuasive evidence that the loop facilities being used to provide ISDN are substantially different from ordinary telephone loops").

Although it is important for the Commission to determine whether the existing method of recovering a portion of the NTS loop costs from CCL charges is appropriate in a competitive environment, that determination should be made in a broad access reform proceeding, not in this narrow rulemaking. Instead, the Commission should reject AT&T's thinly-veiled attempt to obtain a subsidy prior to an overall reform of the existing system.

III. ***Sprint's Proposal Would Unreasonably Burden the LECs and Create Non-Cost-based CCL Subsidies.***

Sprint's proposal in some ways trumps even AT&T's call for a subsidy. Sprint wants to put the onus on LECs to decide how many SLCs to charge on ISDN services.<sup>11</sup> To offset any potential CCL charge increase, Sprint would allow LECs to raise residential and single-line business (but not multi-line business) SLCs by \$0.50 per month.<sup>12</sup> LECs would then bear the burden of any SLC revenue that this increase does not cover, in order to keep CCL rates from rising.<sup>13</sup>

Sprint would also increase the SLC on residential and single-line business ISDN customers to the multi-line business level, an increase of up to \$2.50 per service.<sup>14</sup> Even though Sprint claims that its proposal allows LECs to charge only one SLC for a BRI service,<sup>15</sup> its proposal would

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<sup>11</sup> Sprint at 4.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 4-5.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *Id.* at 3.

force LECs to charge nearly the price of two residential and single-line business SLCs.<sup>16</sup> The result would suppress demand almost as much as the existing Commission rule and should be rejected on that basis alone.

Moreover, to make the decision of how many SLCs to charge decision more difficult, Sprint would force the LEC to subsidize the CCL if the revenue produced from the \$0.50 SLC increase is insufficient to offset any potential increase in the CCL. This would perpetuate the inequities in the Commission's interim "non-enforcement" order<sup>17</sup> and, as NYNEX demonstrates, is unlikely to withstand judicial scrutiny.<sup>18</sup> Accordingly, the Commission should reject Sprint's proposal.

#### IV. *Conclusion*

The Commission should follow the advice of all parties and revise its rules to encourage deployment of ISDN and further development of efficient new technologies. Most parties have shown that this can be accomplished by charging a single SLC on each service, facility, or subscriber interface without causing upward pressure on CCL (and interstate toll) rates. In the event, however, that some adjustment is needed to prevent CCL charge increases, the Commission should adopt one of the moderate proposals, such as a small cost-based ISDN surcharge

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<sup>16</sup> Two residential or single-line business SLCs would cost up to \$7.00, while a multi-line business SLC is capped at \$6.00.

<sup>17</sup> Public Notice, DA 95-1168 (rel. May 30, 1995).

<sup>18</sup> *See* NYNEX at 19.

or a second SLC on PRI service. It should reject, however, the proposals of AT&T and Sprint for non-cost-based CCL subsidies that will severely curtail ISDN demand.

Respectfully Submitted,

**The Bell Atlantic Telephone  
Companies**

By their Attorney

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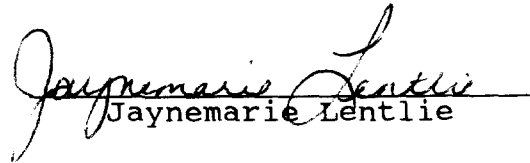
  
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July 14, 1995

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply Comments of Bell Atlantic" was served this 14th day of July, 1995 by hand on the parties on the attached list.

  
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